



UPM Interim Report Q1 2025

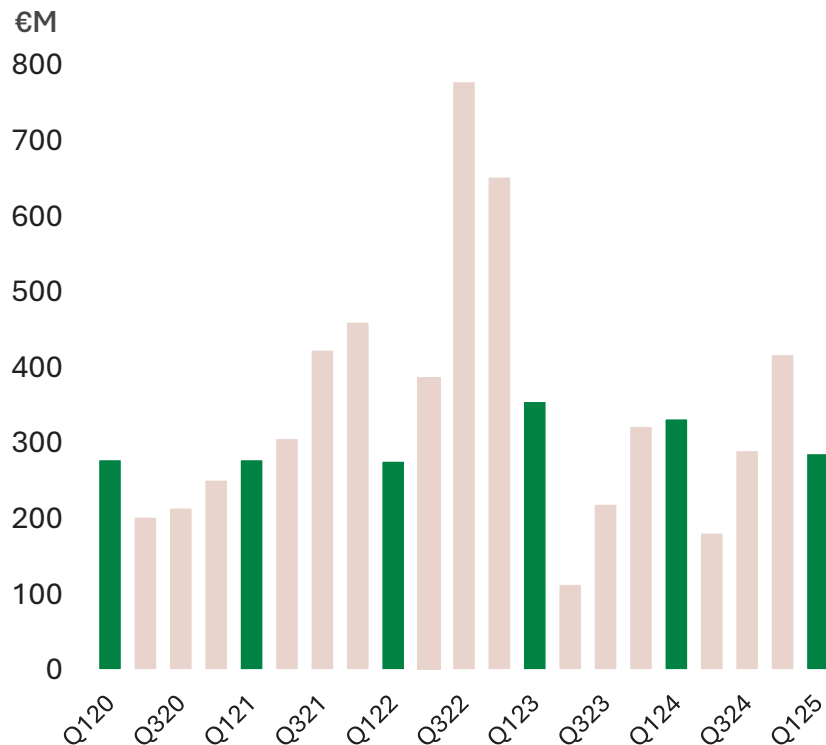
President and CEO Massimo Reynaudo

April 24, 2025

Q1 2025: Good start to the year with actions to sharpen competitiveness



Comparable EBIT



Q1 2025 in brief

- Sales totaled €2,646 million (2,640 million in Q1 2024)
- Comparable EBIT decreased by 14% to €287 million, 10.8% of sales (333 million, 12.6%)
- Gradually improving markets in pulp and advanced materials
- Actions to sharpen competitiveness started to bear fruit
- UPM acquired Metamark, a UK-based company, to accelerate UPM Raflatac's growth
- UPM Communication Papers plans to reduce paper capacity in Germany and streamline its structure
- UPM repurchased 6 million shares for a total of approximately €160 million by April 8

Improved markets for advanced materials and pulp in Q1 2025

Active consumers,
decreasing confidence

Moderate demand
growth for advanced
materials

Cautious consumers

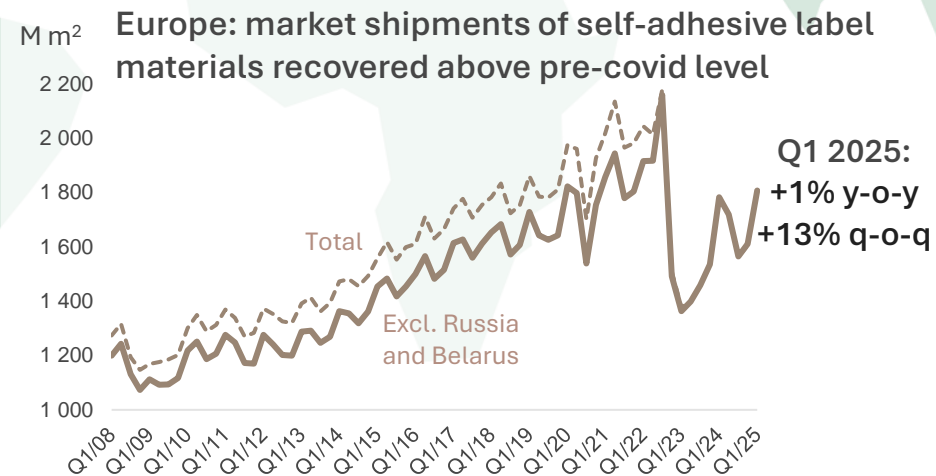
Demand recovery
continued for advanced
materials

Challenging markets for
decarbonization
solutions

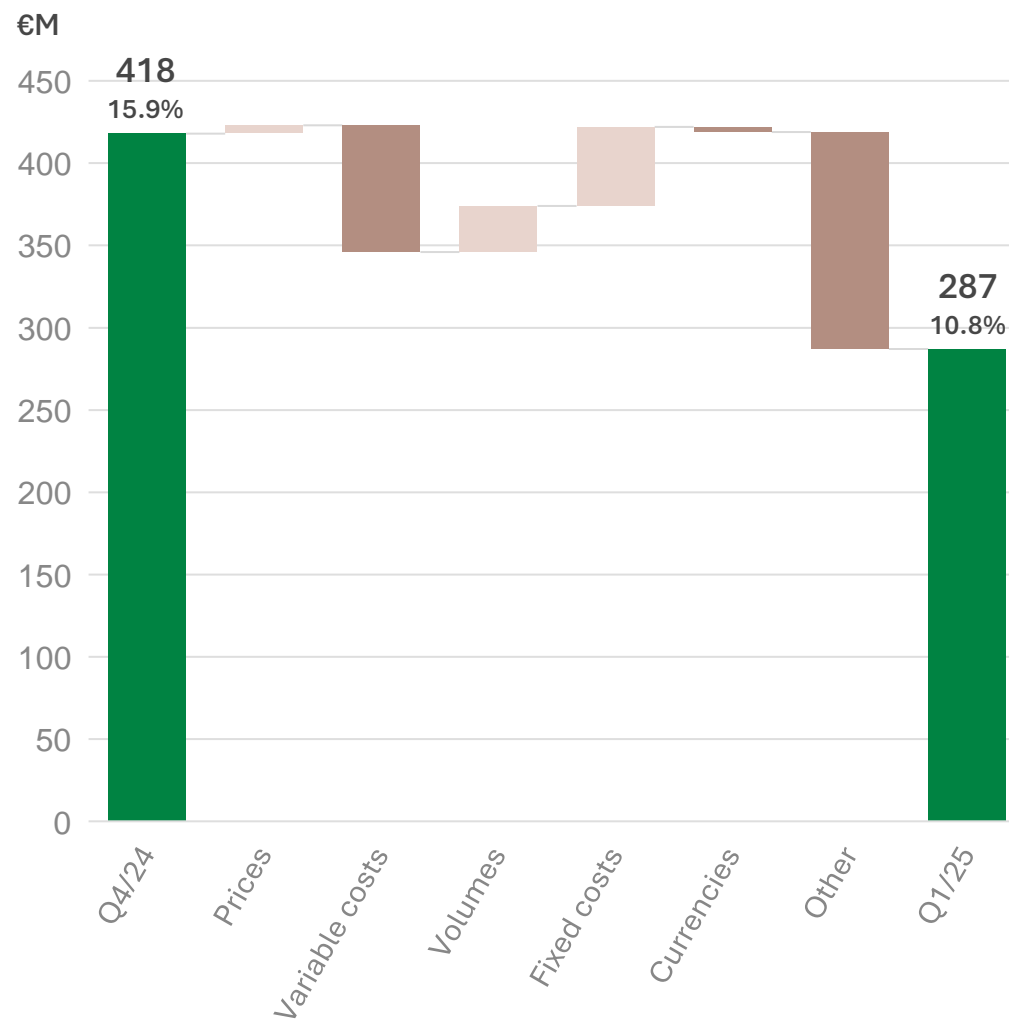
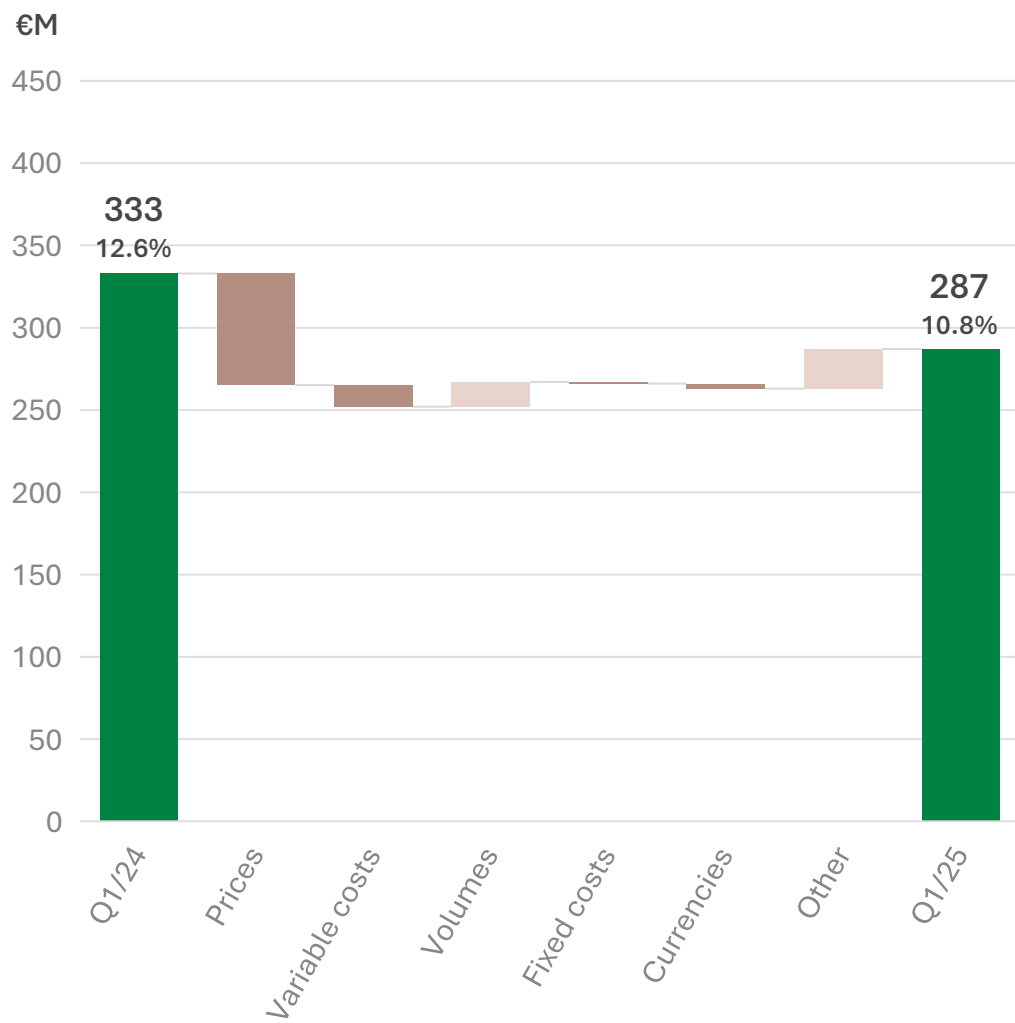
Cautious consumers

Somewhat improving
pulp market

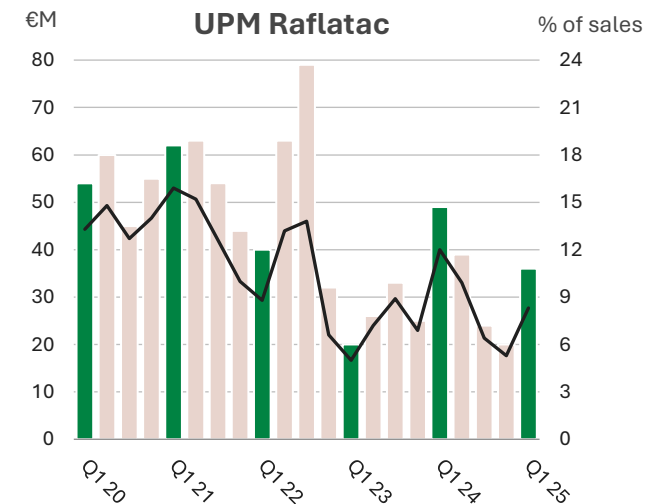
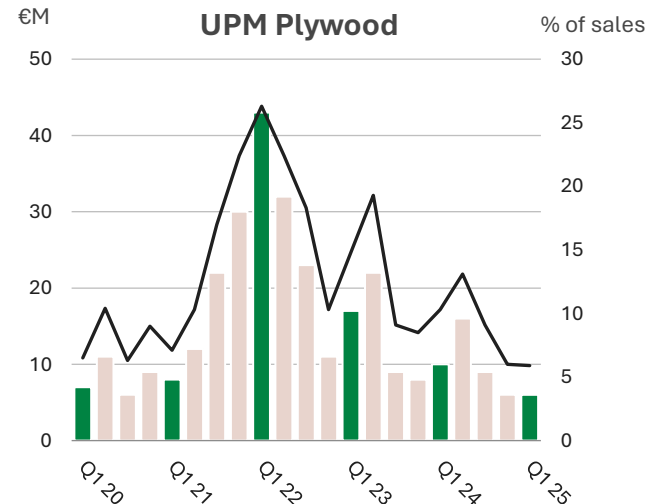
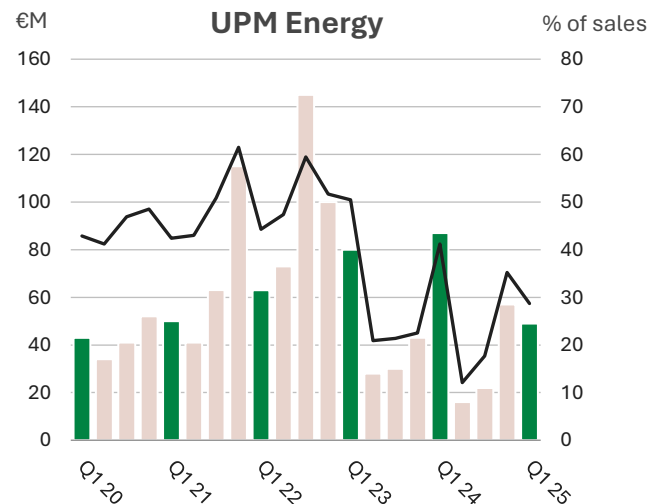
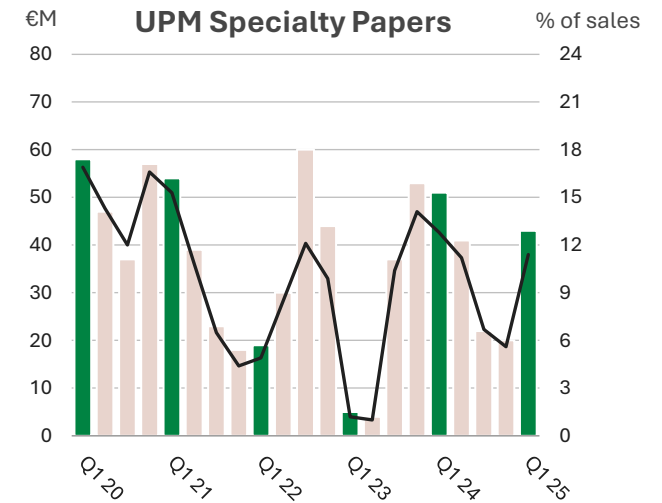
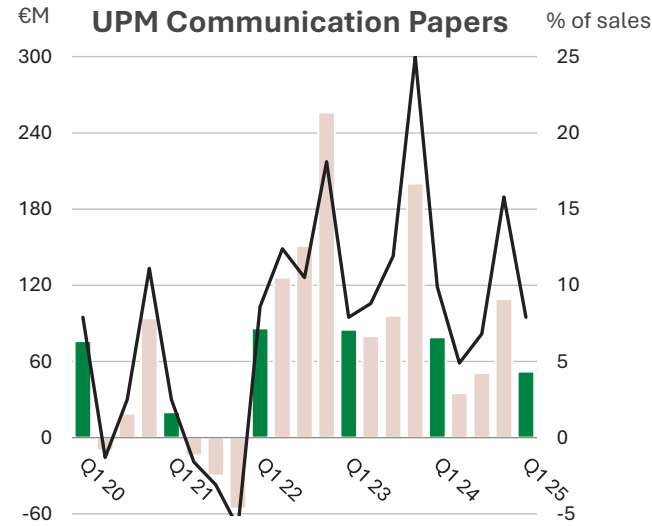
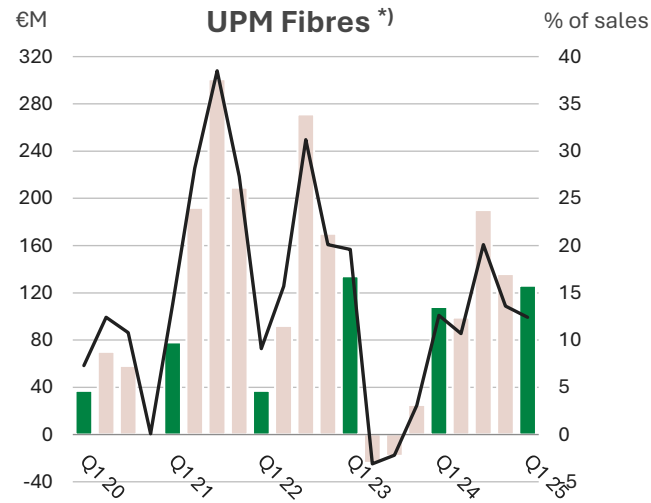
Solid demand for
advanced materials



Comparable EBIT in Q1 2025



Comparable EBIT by business area

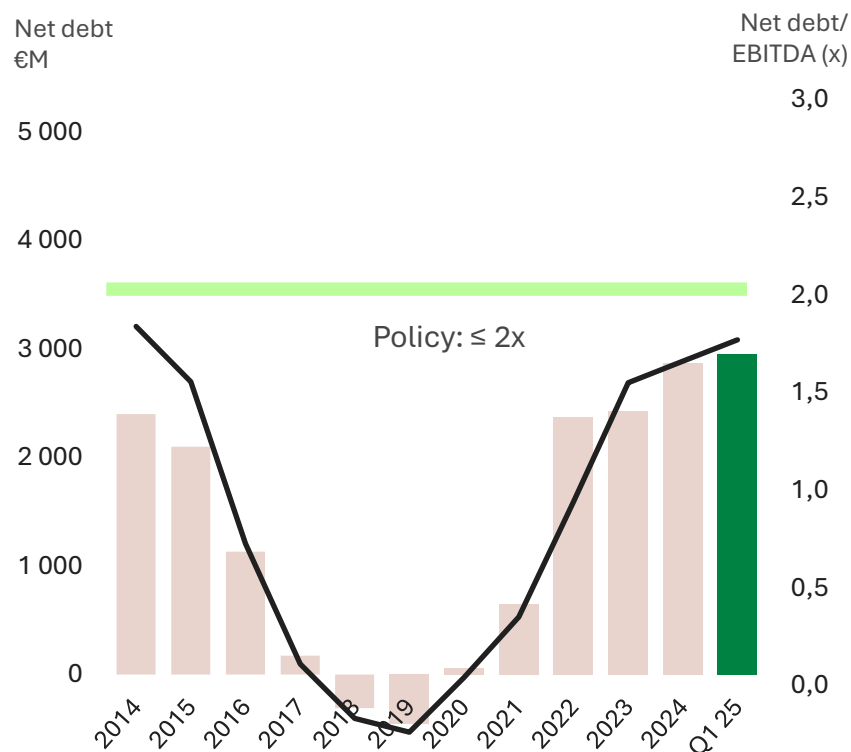


*) Year 2021 restated, UPM Biofuels moved to Other Operations as of 1 January 2022

Solid financial position



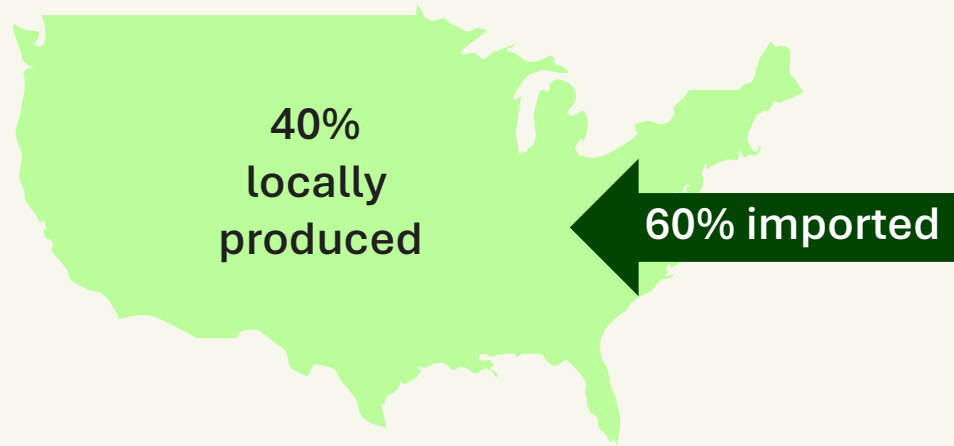
Net debt and leverage



- Net debt €2,954m at the end of Q1 2025
- Net debt / EBITDA 1.77
- Cash funds and committed credit facilities €3.0bn at the end of Q1 2025
- No financial covenants
- UPM repurchased own shares for a total of €116 million in Q1 2025
- The first dividend instalment for year 2024 (€397m) was paid on April 8, 2025, the second will be paid in November

UPM and tariffs

14% of UPM sales in 2024
was to the US



- UPM produces self-adhesive label materials and communication papers in the U.S.
- UPM imports communication papers, specialty papers and some eucalyptus pulp to the U.S.
- Indirectly, tariffs may impact demand and trade flows, cause hesitation among customers, disrupt supply chains and weaken consumer confidence
- Currency fluctuations are possible

Direct impact of tariffs expected to be
relatively limited

Foreign exchange exposure

Estimated 12-month net currency cash flow at the end of Q1 2025, before hedging, € million

USD	1,190
UYU	-290
GBP	230
CNY	190
JPY	110
Others	170
Total	1,600

- At the end of Q1 2025, UPM’s estimated net currency cash flows for the next 12 months totaled approximately €1.6 billion
- In addition, the earnings of UPM’s foreign subsidiaries are translated to euros in reporting. UPM has significant foreign subsidiaries in Uruguay, the US and China
- Currency fluctuations could impact UPM’s cash flow, earnings, or balance sheet, and may also affect the relative competitiveness between different currency regions

UPM hedges an average of 50% of the estimated net currency cash flow on a rolling basis for the next 12 months



Outlook (*)

- **Profit guidance:** UPM's comparable EBIT in H1 2025 is expected to be approximately in the range of €400-625 million (€515 million in H1 2024).
- **Outlook:** UPM's performance in H1 2025 is expected to benefit from higher delivery volumes and lower fixed costs, but be held back by lower sales margins, compared with H1 2024. The year 2025 has started with lower pulp and electricity prices than 2024.
- There are significant uncertainties in geopolitics and global trade relations, which may impact the development of UPM's product deliveries, sales prices, various input cost factors and currency exchange rates.

(* see UPM interim report Q1 2025
for the full Guidance and Outlook

We act on three fronts



1

**Improve
competitiveness**

2

**Accelerate
growth**

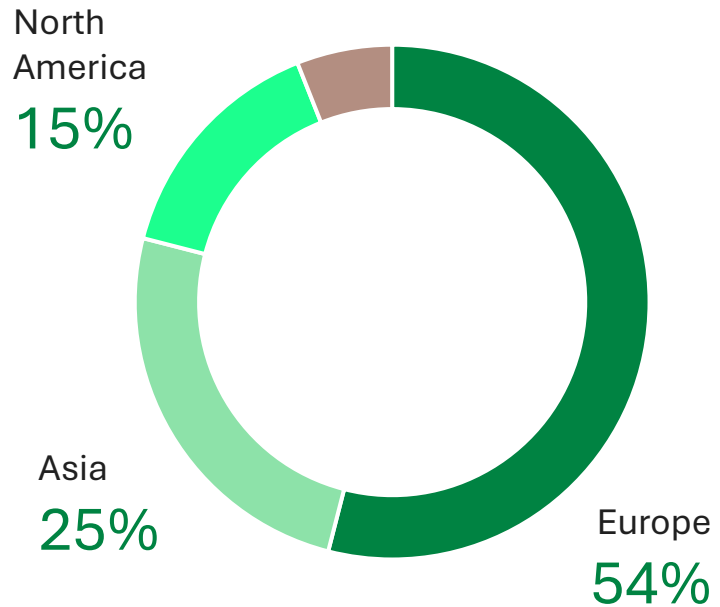
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**World-class
businesses**

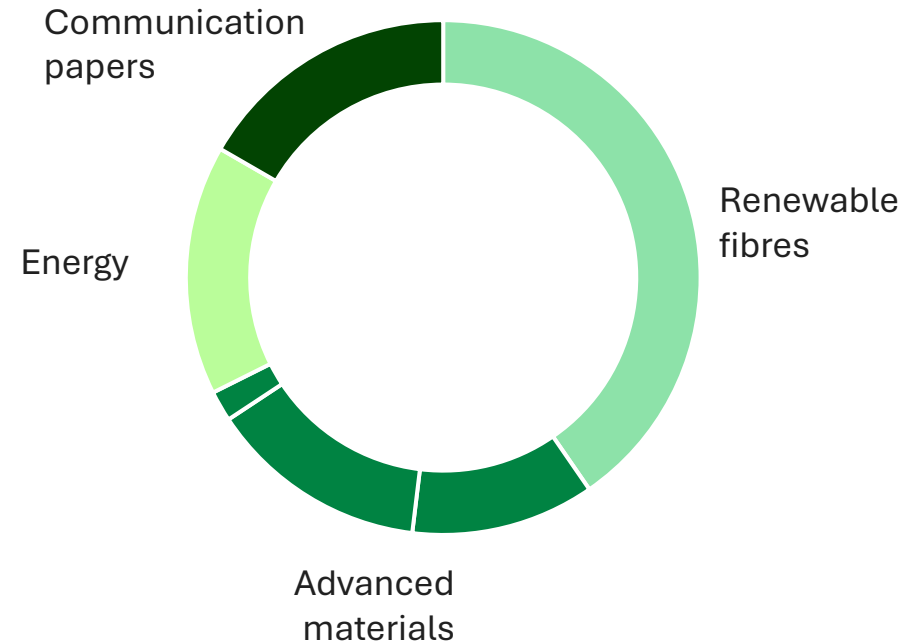
Our global scale and diversified portfolio give resilience World-class competitiveness and agility key to future success



UPM Sales 2024



UPM comparable EBIT Q1 2025





Capture the full potential in Uruguay, streamlined operating model in Finland

Renewable fibres



- #3 globally, #1 multi-fibre

Uruguay

- 3.4 million tonnes eucalyptus pulp
- World-class low-cost platform in full operation
- Optimization and efficiency measures ongoing
- Debottlenecking potential

Finland

- 2.4 million tonnes, mainly softwood pulp
- Efficient well-maintained pulp mills, have been profitable despite the high wood costs and low pulp price



**Strengthen competitiveness
to accelerate growth**

Advanced materials



Raflatac

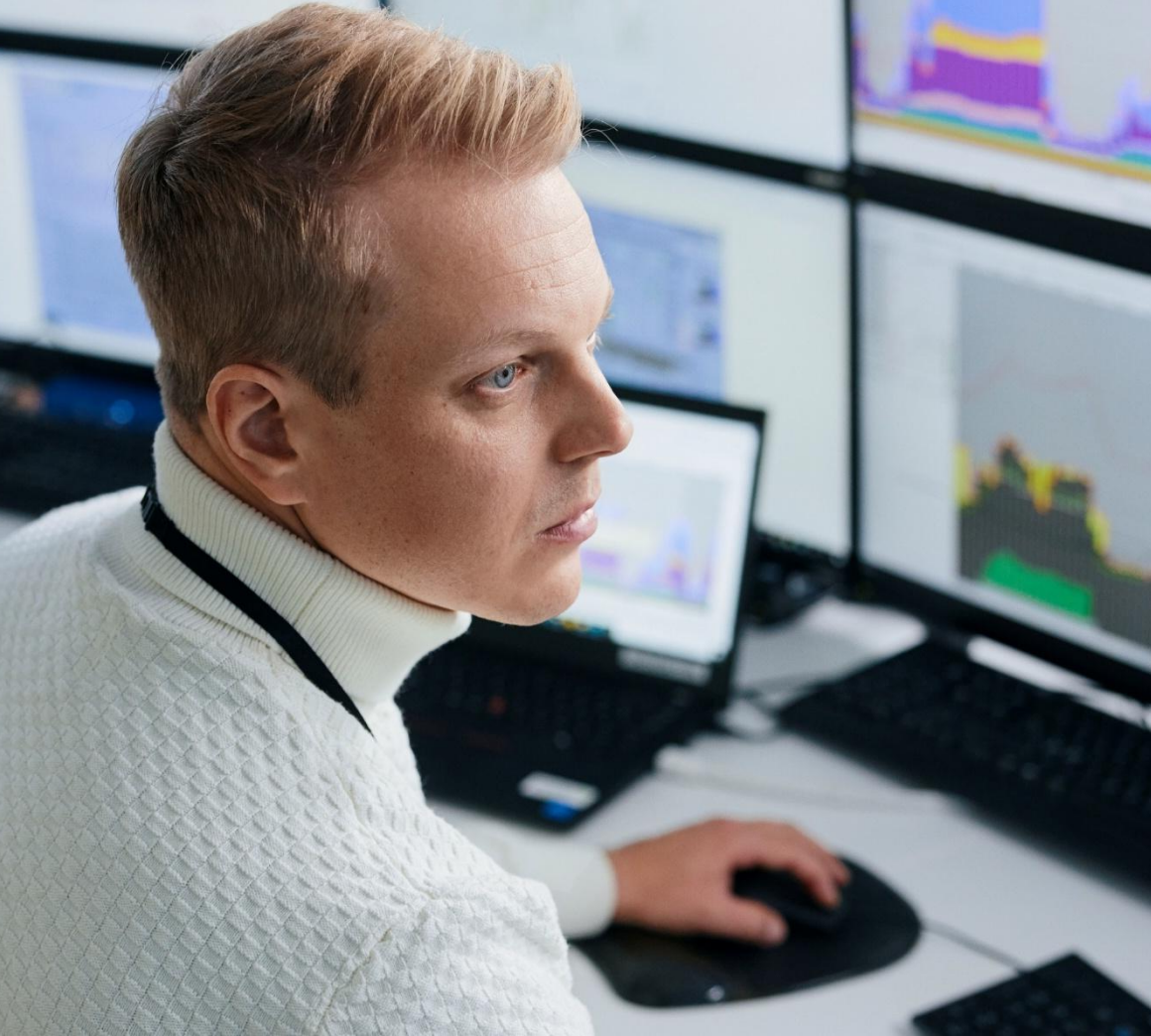
- Strong global #2
- Labeling markets recovered above pre-covid level
- Efficiency measures started to bear fruit
- Metamark acquisition to accelerate growth

Specialty Papers

- Strong global #1
- Labeling markets recovered above pre-covid level
- Decreased production costs
- Expand in faster growing geographies, flexible packaging

Plywood

- #1 in Europe and globally in LNG plywood
- Plywood markets improved slightly from low level



**Business launch, turn-around,
maximize value**



Decarbonization solutions

Biochemicals

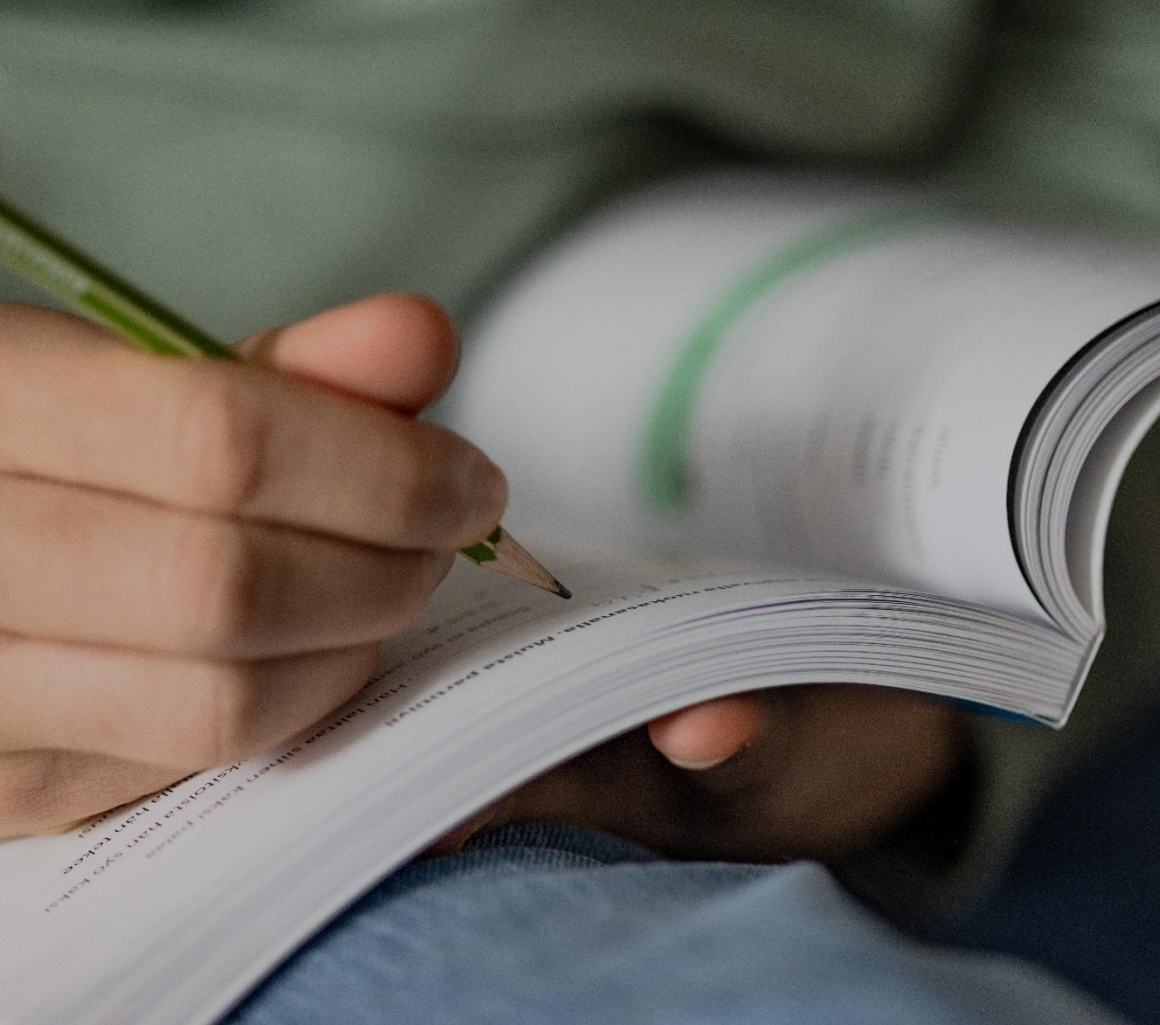
- 220,000 tonnes of pioneering biochemicals
- Commercial interest confirmed
- Integrated commercial production in H2 2025
- Gather learnings for next steps

Biofuels

- 130,000 tonnes of advanced renewable fuels
- Turn-around profitability
- Validate and test next growth steps during 2025-2026

Energy

- #2 in Finland, 12 TWh of CO₂-free electricity
- Maximize value in the volatile electricity markets
- Opportunities with electricity consumption growth



**Focus on performance
and cash flow**

Communication papers



- Strong #1 in Europe, 10 paper mills
- Reliable provider of sustainable communication papers
- Cost-efficient operations
- Plan to close the Ettringen paper mill in Germany (270,000t) in July 2025 and streamline operations
- Annual fixed cost savings €39 million

Summary

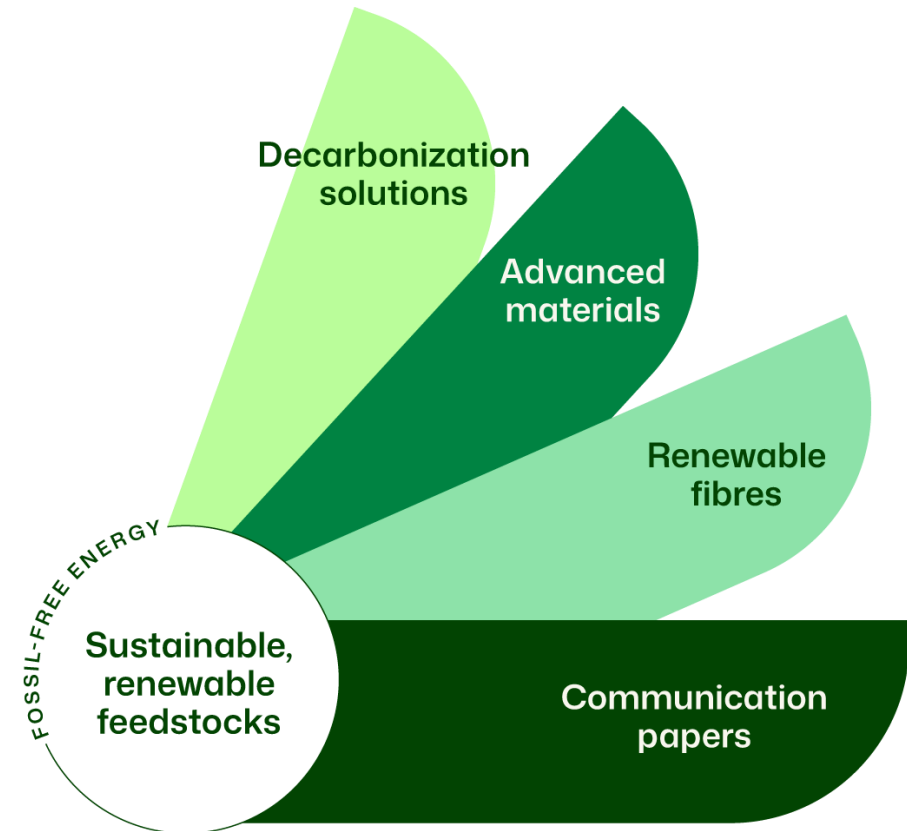
- Q1 was a good start to the year 2025, with improving markets in pulp and advanced materials
- UPM's actions to sharpen competitiveness started to bear fruit
- Global trade tensions have increased uncertainty in the business environment
- With solid balance sheet, competitive portfolio and broad geographic presence UPM is positioned to face the uncertainty
- We act on three fronts
 1. Improve competitiveness
 2. Accelerate growth
 3. World-class businesses



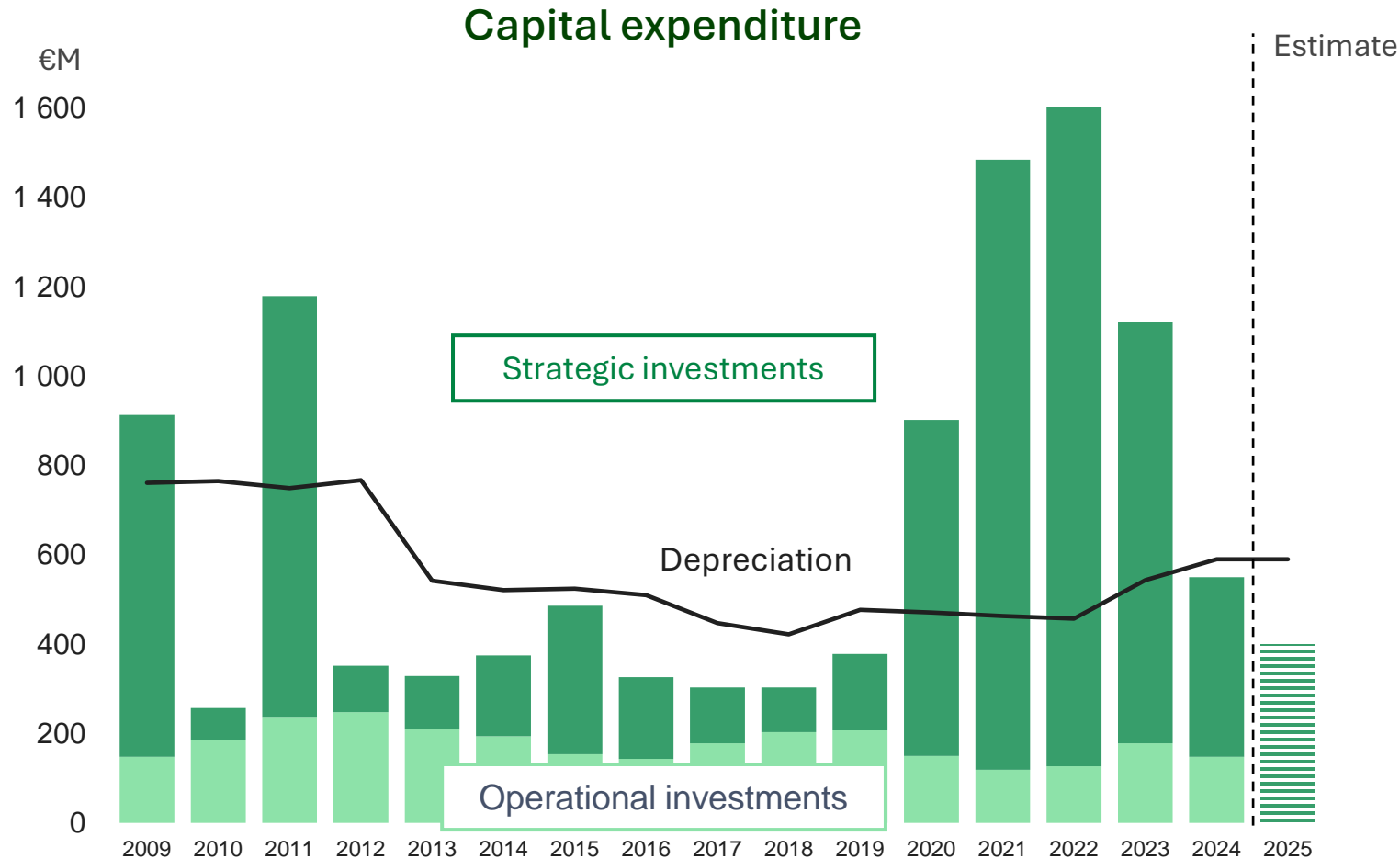
UPM

Our business portfolio, leveraging competitive business platforms

- **Decarbonization solutions**
biochemicals, biofuels, CO₂-free energy
- **Advanced materials**
adhesive materials, specialty papers, plywood
- **Renewable fibres**
pulp, other bioproducts
- **Communication papers**



Major investment cycle coming to an end



Capex 2025 estimate

- Capex excluding acquisitions €400m
- Operational investment needs consistently low

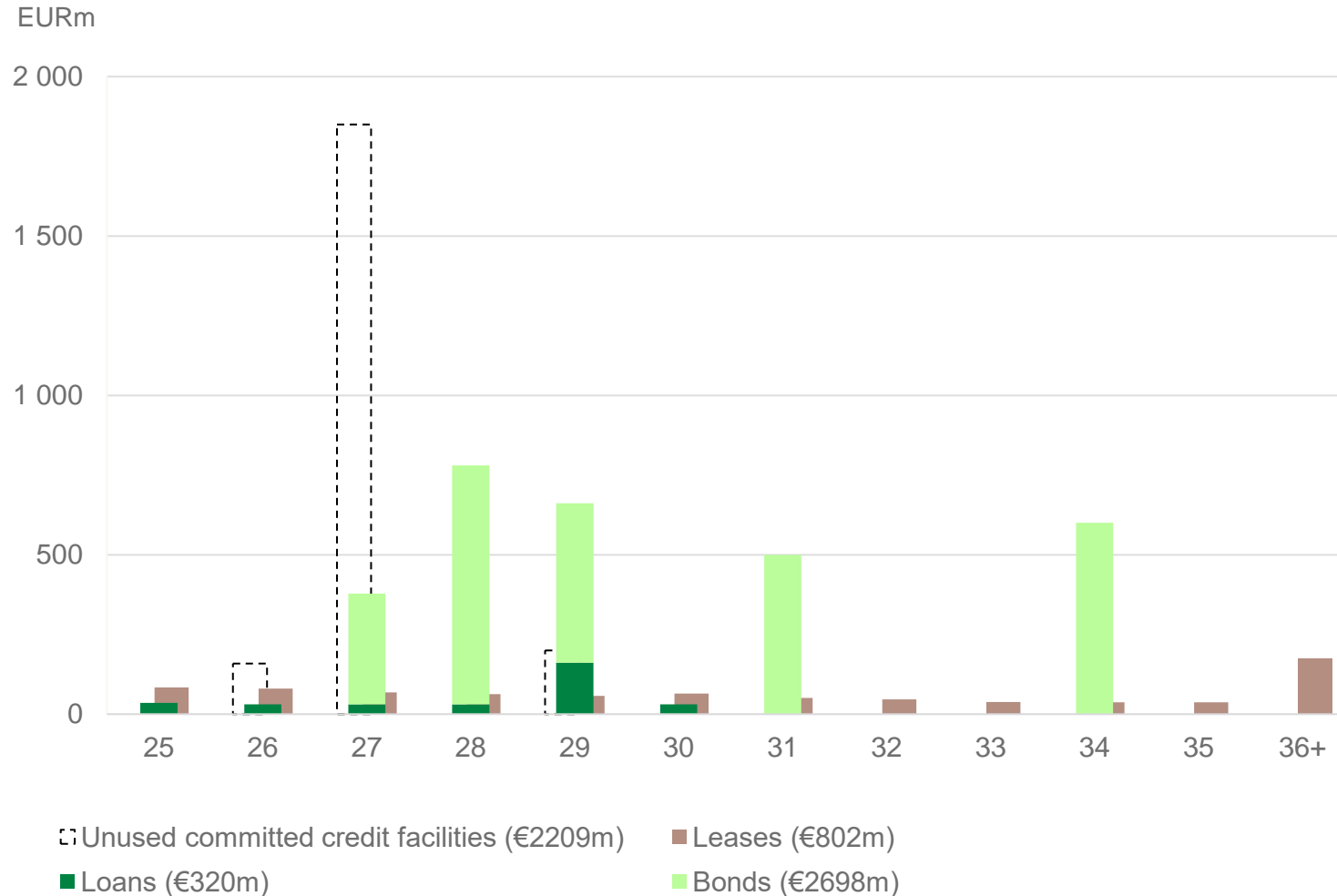
Maintenance shutdowns in 2024 and 2025

Timing	Unit
Q1-Q2 24	Olkiluoto nuclear power plant OL3
Q2 24	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Fray Bentos pulp mill UPM Pietarsaari pulp mill
Q1-Q2 25	Olkiluoto nuclear power plant OL3
Q2 25	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Kymi pulp mill
Q3 25	UPM Kaukas pulp mill
Q4 25	UPM Fray Bentos pulp mill

Maintenance shutdowns have an impact on

- Maintenance costs
- Production volumes
- Operational efficiency

Maturity profile and liquidity



Liquidity on March 31, 2025 was €3bn (cash funds and unused committed credit facilities)

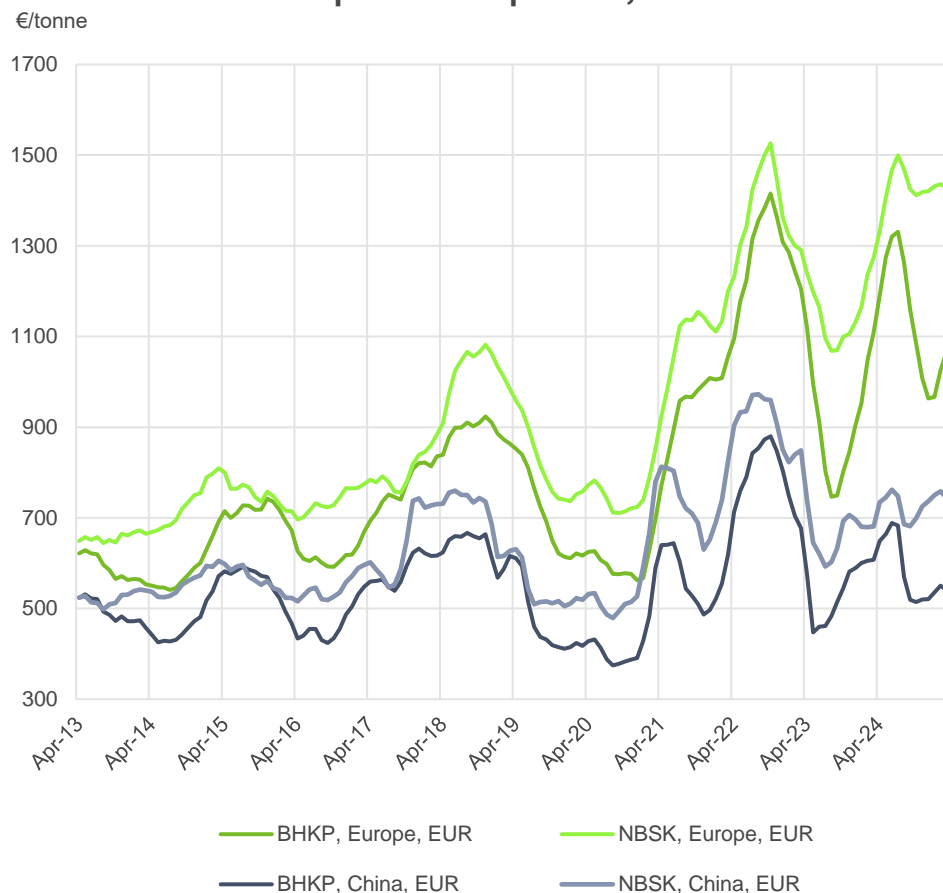
UPM's committed credit facilities:

- €159m rolling committed overdraft facility maturing 2026
- €300m bilateral revolving credit facilities (€100m maturing 2027, €200m maturing 2029)
- €1,000m committed syndicated revolving credit facility maturing 2027
- €750m committed syndicated revolving credit facility maturing 2027

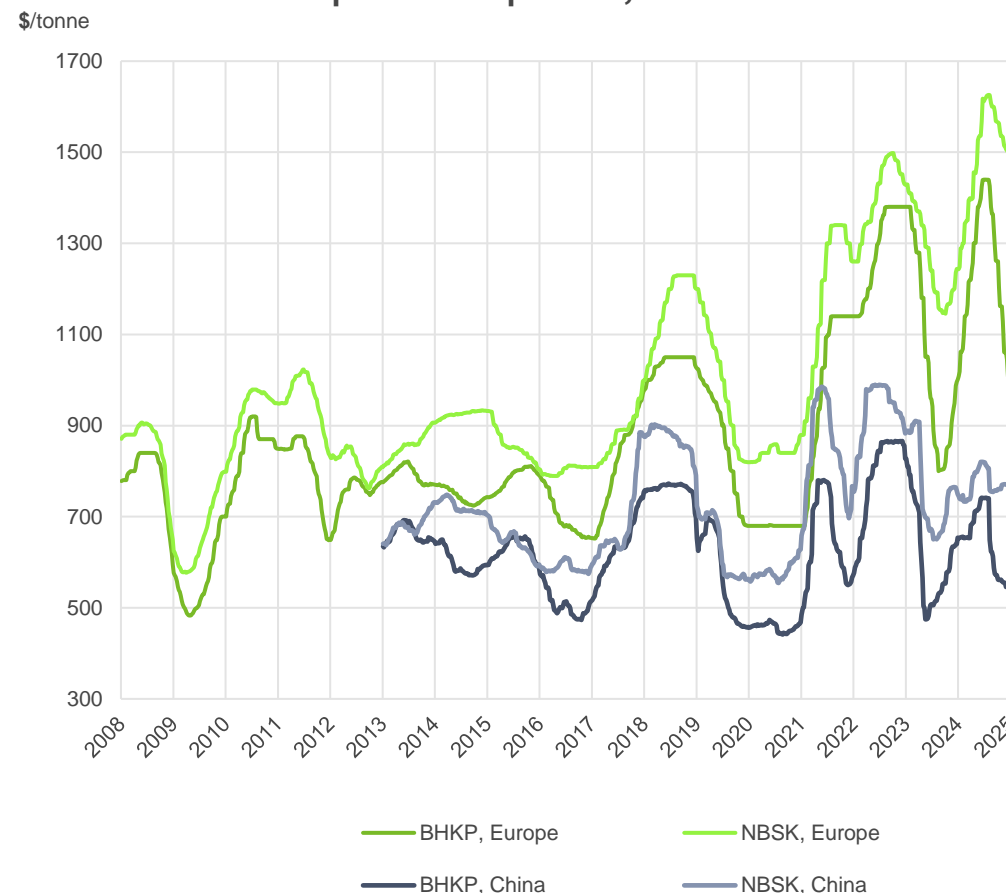
No financial covenants

UPM Fibres: Chemical pulp market prices

Pulp market prices, euros

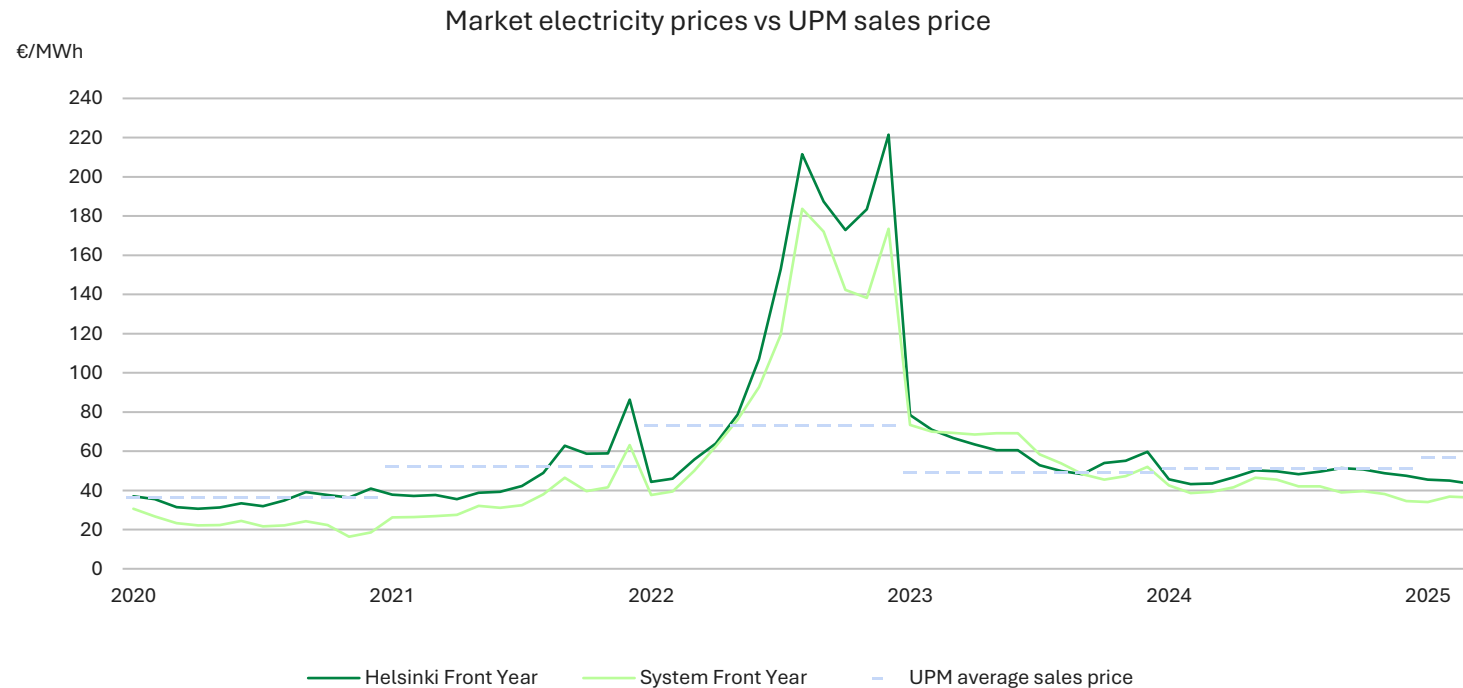


Pulp market prices, U.S. dollars



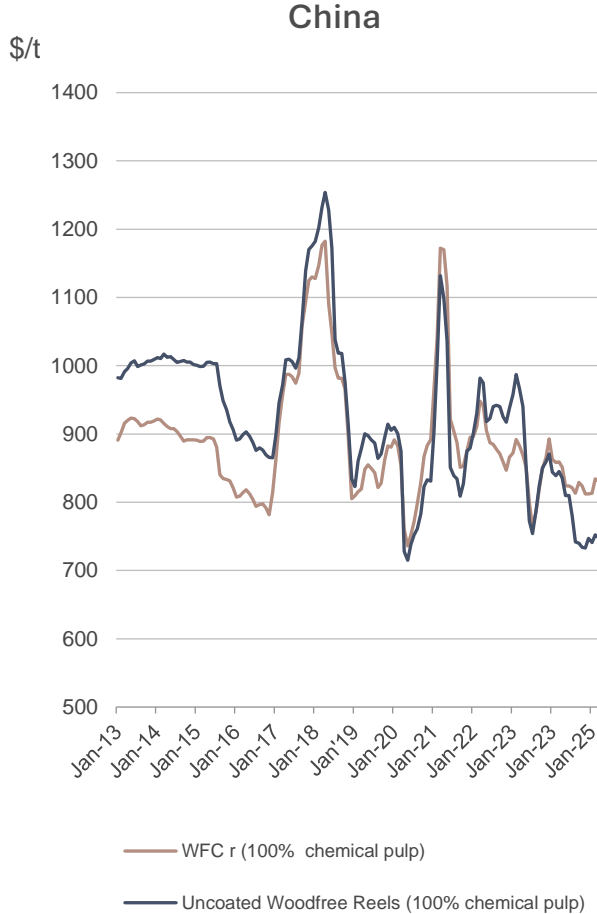
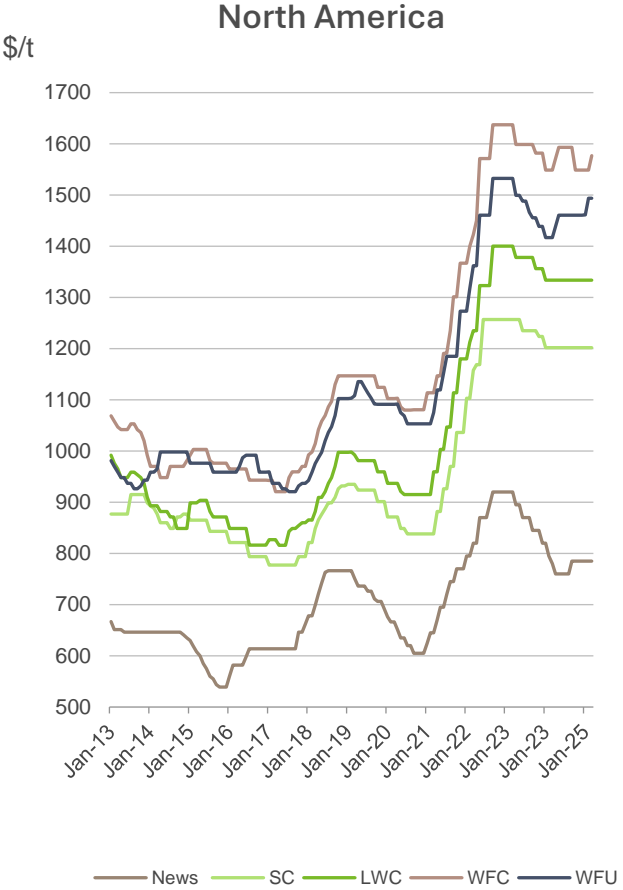
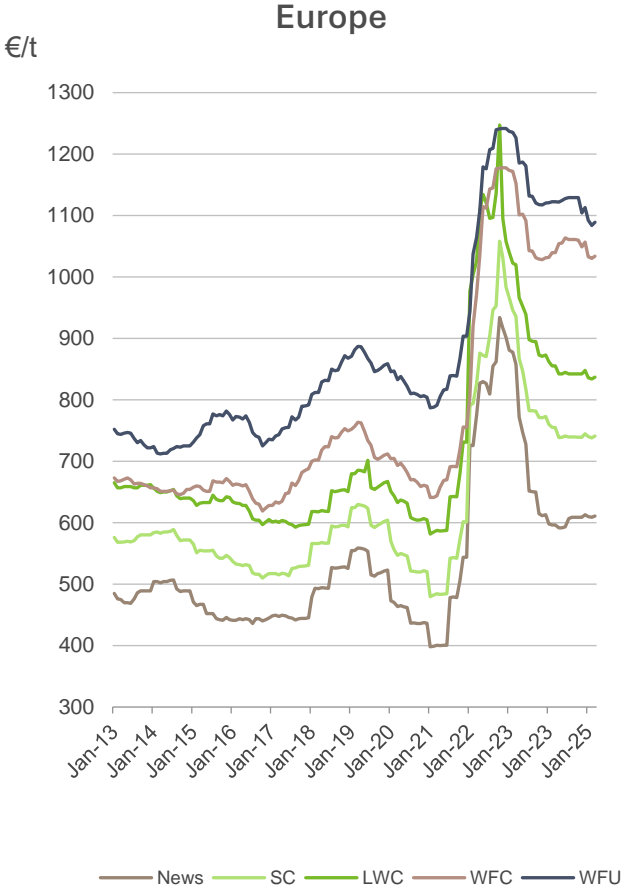
Source: FOEX Indexes Ltd

UPM Energy: Electricity market prices



UPM Energy profitability	2020	2021	2022	2023	2024	Q1 2025
Comparable EBIT, EURm	171	270	381	182	181	49
% of sales	45.0	51.3	52.0	29.0	28.9	28.7

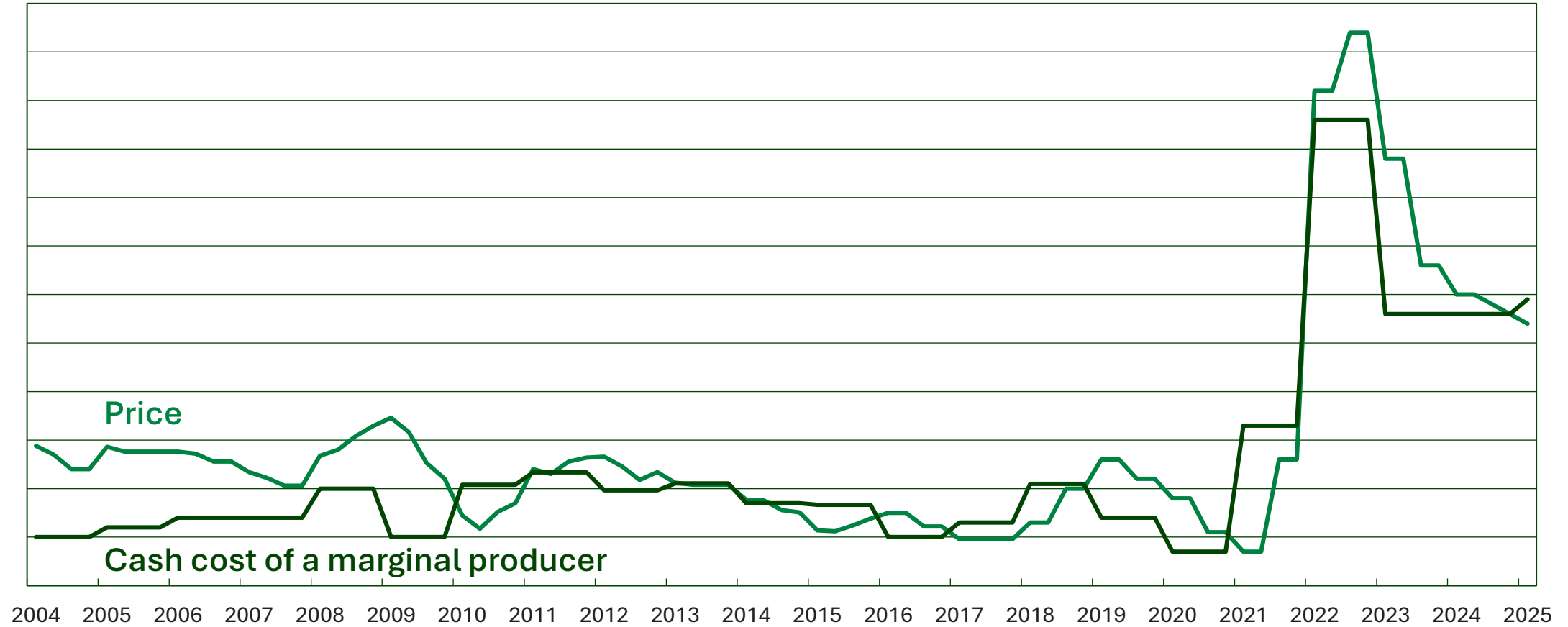
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

EUR/tonne



Sources: UPM, PPI, Fastmarkets RISI, AFRY



UPM